



# Missouri Department of Natural Resources

**MISSOURI SOIL AND WATER DISTRICTS COMMISSION  
TAN-TAR-A RESORT  
Parasol I/II  
Osage Beach, Missouri  
December 1, 2003**

**COMMISSION MEMBERS PRESENT:** John Aylward, Elizabeth Brown, Larry Furbeck, Philip Luebbering

**EX-OFFICIO MEMBERS:** DEAN THOMAS PAYNE, UNIV. OF MISSOURI: David Baker; JOHN HOSKINS, DEPT. OF CONSERVATION: Bob Miller

**ADVISORY MEMBERS PRESENT: SOIL & WATER CONSERVATION PROGRAM:** Sarah Fast; NRCS: Roger Hansen; MASWCD: Eli Mast

**MASWCD:** Kathryn Braden, David Dix, Brenda Ebersold, Henry Heinze, Steve Hopper, Steve Huber, Jim Hubert, Donald Jordan, Tom Lambert, Peggy Lemons, Steve Oetting

**STAFF MEMBERS PRESENT:** Davin Althoff, Gary Baclesse, Milt Barr, Gorman Bennett, Jim Boschert, Chris Evans, Noland Farmer, John Forsyth, Rose Marie Hopkins, Gina Luebbering, Dean Martin, Theresa Mueller, Marcy Oerly, James Plassmeyer, Josh Poynor, Jeremy Redden, Ron Redden, Judy Stinson, Ken Struempf, Bill Wilson

**OTHERS PRESENT: DISTRICTS:** BATES: Joyce Rider; BUCHANAN: Bernard Chestnut; CASS: Earlene Davis; DALLAS: Tony Rosen; JACKSON: Bill Bohnert; RANDOLPH: Shelly Sumpter; **STATE OF MISSOURI: ATTORNEY GENERAL'S OFFICE:** Harry Bozoian; CONSERVATION: Brad McCord; **OTHERS:** NRCS: Diane Bradley; EMPLOYEE ASSOCIATION: Ben Reed;

**MINUTES  
JOINT MEETING  
MISSOURI ASSOCIATION OF SOIL AND WATER CONSERVATION  
DISTRICTS  
AND  
MISSOURI SOIL AND WATER DISTRICTS COMMISSION**

**A. WELCOME AND INTRODUCTIONS**

Elizabeth Brown and Eli Mast opened the meeting at 8:05 AM by welcoming everyone. Introductions of the Missouri Association of Soil and Water Conservation Districts Area Directors and the members of the Missouri Soil and Water Districts Commission followed the welcome.

**B. FISCAL YEAR 2003 DISTRICT FINANCIAL AND STAFFING SUMMARY**

Jim Plassmeyer presented the fiscal year 2003 district financial reports. In fiscal year, 2003 the total income reported by the 114 districts totaled \$11,611,993.

It was reported that the majority of district local funds are made up of machine rentals and sales. Machine rentals have decreased by \$212,184 or 18 percent and sales income decreased by \$33,666 or 8 percent during fiscal year 2003. Also decreasing in fiscal year 2003 were donations and interest earned.

Of the \$8,769,358 for employee related expenses, 78 percent of it goes for gross salaries and 22 percent goes for "other" employee expenses. Included in "other" employee expenses were health insurance, retirement, and the district's portion of taxes, worker compensation, unemployment, travel, and training. There has been a large increase in the "other" employee expenses over the past couple years.

For fiscal year 2003 the total income increased by \$1,113,125 and the total expenses increased by \$533,833. In fiscal year 2002, the expenses exceeded the income for the first time. Out of the 114 districts, 49 had more expenses than income. There were 32 districts that had 90 percent of their funding coming from the state, and five districts that had 49 percent or less coming from the state.

There were nine districts in fiscal year 2003 that had over \$100,000 left in their accounts. The majority of these funds were most likely local funds. There were 17 districts that

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had less than \$9,999 left in their accounts. The average amount carried over per district was \$43,667. The amount of carryover was up from last year by a total of \$508,098 or \$4,447 per district. In fiscal year 2001 the carry over was \$39,569, an increase of \$26,958 and in fiscal year 2002 it dropped to \$29,210, and in fiscal year 2003 it was up to \$43,667.

Jim Boschert presented information related to a number of district employees and their salaries. For fiscal year 2004, the information indicated that there were 14 part-time employees out of 305 total district employees.

For fiscal year 2001, the total gross salary for all the district employees totaled \$5,318,865. There was an increase in fiscal year 2002 for a total of \$5,976,685, an increase of 13 percent over fiscal year 2001. The districts paid \$6,537,145 to their employees in fiscal year 2003, an increase of 6 percent over fiscal year 2002. The estimate for the current fiscal year was \$6,641,399, an increase of 2 percent over fiscal year 2003.

Information collected in fiscal year 1999 compared to fiscal year 2004, showed the amount that salaries increased. For a district clerk, the range was 8 percent to 35 percent, for a district manager the range was 12 percent to 50 percent, and for a district technician the range was 14 percent to 39 percent.

### **C. DISTRICT EMPLOYEE BENEFIT GRANT**

Jim Boschert reported on the 2004 rates from Missouri Consolidated. Each county in the state will have an increase in health insurance rates through Missouri Consolidated. There were 21 counties that have the lowest rate and the smallest increase. The lowest rate for calendar year 2004 is \$336.47 for 21 counties; this is a 13 percent increase over the current calendar year rate. There were 60 districts that had the highest rate of \$485.80; this amount was an 18 percent increase over the current rate. There were 17 districts that had a rate of \$423.22; this is an increase of 30 percent over their lowest rate. The last 16 districts that are on the east central side of the state have the lowest rate of \$433.68. They also had the largest increase of 45 percent over the current calendar year rate.

Statewide the average lowest rate increased by 23 percent. For the next year, the average lowest rate in the state is \$441.65. In 2000, the lowest average rate was \$176.79. That rate has increased 150 percent from calendar year 2000 to 2004.

From the numbers mentioned above plus the benefit agreement, which has been received from the districts, the staff was able to come up with a projected cost for health insurance and retirement for the current fiscal year. The benefit agreements received from the

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districts list the employees of the district, their monthly health insurance premiums, which benefits they want to participate in, the policies that govern the benefit grant, and a board member's signature. It was estimated that the districts would claim \$333,591 for retirement in fiscal year 2004, which is an increase of \$27,884 or 10 percent over the amount claimed during fiscal year 2003.

By using the Missouri Consolidated rates provided, it was estimated that the districts would claim \$756,519 for the health insurance portion of the benefit grant. This is an increase of \$94,320 or 15 percent over the amount claimed in fiscal year 2003. If the amount projected were claimed, it would total \$1,090,110. The total amount available in the benefit grant is \$1,261,992. The amount left for increases in benefits for fiscal year 2005 would be \$171,882.

It was discussed among program office staff and the benefits committee if there would be enough funding for fiscal year 2005 benefits. After the review, it was projected that there would be \$171,882 unspent. This amount would be available for any increase in benefits for fiscal year 2005. From fiscal year 2001 to 2002 there was an increase of \$261,661. This large increase was due mainly to districts not starting the health insurance benefit at the beginning of the fiscal year. From fiscal year 2002 to 2003, the total amount of increase was \$180,724. This was a combination of health insurance and retirement. For fiscal years 2003 to 2004, the projected estimate was an increase of \$122,204. From the totals, it appeared that there would be adequate funding for increases in both health insurance and retirement for fiscal year 2005. From 2002 to 2003, the increase was \$29,037 and for 2003 to 2004, the estimated increase was \$27,884.

The only additional state funds for 2004 and 2005 that will be available for district employee salaries is a portion of the information/education grant and funding for new SALT projects. With this information, it was a good assumption that the increase in retirement for 2005 would be similar to the previous two years.

Health insurance was harder to estimate due to the fact that the amount that a district can claim was tied directly to how much the rates are for Missouri Consolidated. There was an increase of 30 percent for fiscal year 2002 to 2003 and an increase of 15 percent for fiscal year 2003 to 2004. It was projected that the increase in retirement for fiscal year 2005 would remain somewhat the same, which would leave roughly 19 percent for increases in health insurance.

Peggy Lemons indicated that the benefits committee was concerned about keeping constant coverage for the employees at an amount that they could afford. The projections that they had were based on estimates that they had at the time of the meeting. It was estimated that there would be a 20 percent increase in health insurance and a 10 percent increase in retirement. By fiscal year 2005, the funds for the benefits will be \$12,000

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short. Rearranging funds could cover this amount, but fiscal year 2006 is when more funds will be needed in the benefit grant. It was estimated that fiscal year 2006 would be \$230,000 short, and fiscal year 2007 would be \$489,000 short. By the end of the tax, the shortage will be \$750,000.

Mr. Boschert presented options if the expenses for health insurance and retirement exceeded the amount of funds available. With a budget request, the commission could request a supplemental budget expansion. This request would have to be approved by the Department of Natural Resources and then through the appropriation process and spent by the end of the fiscal year. Under the grant management, there were two options available. The first option was based on the fact that the employee benefit grant is in the same appropriation as the other district grants; therefore, the commission could use the unused funds from the district assistance allocations to cover the additional benefit expenses. The second option was that the commission could limit the dollars that they release in the matching grant program after the January 31 deadline. With the final category, the commission would also have two options. The first option was that the commission could raise the co-pay for health insurance. The second option for the commission could be to freeze the retirement at its current level and not allow any retirement pay increases given after a set date. These were the options given to the commission for their review.

### **D. FISCAL YEAR 2003 COST-SHARE**

Noland Farmer reported on regular cost-share for fiscal year 2003. In fiscal year 2003, districts were allocated \$23,800,000 for regular cost-share. There were 6,526 claims in fiscal year 2003 for a total of \$20,700,000; the average cost per practice was \$3,172.95. In fiscal year 2002, the total was \$21,800,000 for 6,997 claims; the average cost per practice was \$3,118.72.

There was a total of 4,000,000 tons of soil saved in fiscal year 2002 and 3,400,000 tons of soil saved in fiscal year 2003. According to the amounts above the cost of a ton of soil saved in fiscal year 2002 was \$5.44, compared to \$6.10 in fiscal year 2003. These costs are per ton of cost-share dollars paid to landowner and not on the actual cost incurred by the landowner to install the practice

In fiscal year 2002 funds were spent on 115,000 acres of agriculture land as compared to 105,000 acres in fiscal year 2003, this was a decrease of 8.6 percent.

Some of the practices that were completed in fiscal year 2003 were: Tile Terraces (1,302), Earthwork Only Terraces (377), Tile Terraces (1,302), Water Impoundment Structures (1,068), Sediment Retention, Erosion or Water Control Structures (842), and Permanent Vegetative Cover Establishment (839).

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In fiscal year 2003 the following practices had an increase over fiscal year 2002: Planned Grazing System with pond up 26 percent, Critical Area Seeding up 12 percent, Sod Waterways up 8 percent, and Terrace System with tile up 3.7 percent. Overall there was not a significant difference between the number of practices claimed in fiscal year 2002 and the number claim in fiscal year 2003.

Terraces and Water Impoundment Reservoirs were the two practices that used the most cost-share dollars with 39 percent and 28 percent respectively.

The cost per ton of soil saved had steadily increased over the past five years. In fiscal year 1999, the cost was \$3.71 and in fiscal year 2003, the average cost was \$6.10. In fiscal year 2002, there was a 12 percent increase in the cost per ton of soil saved. From fiscal year, 2002 to 2003 there was an increase of 3.8 percent in the cost per ton.

### **E. FISCAL YEAR 2003 SPECIAL AREA LAND TREATMENT**

Ken Struempf reported there are 51 Agricultural Nonpoint Source Special Area Land Treatment projects currently in the state. Of the 51, three had been completed; they are in Boone, Laclede, and Barry. It was reported that there were five or six pilot Special Area Land Treatments approved in 1997 that would be coming to completion soon. About half of the projects cross county lines because of the watershed boundaries. An MOU is required for any project where there is more than one county involved. The commission has a total of about \$45,000,000 invested in these Special Area Land Treatment projects. The commission's present limit is \$750,000 on a Special Area Land Treatment project.

It was reported that the commission was in the 6<sup>th</sup> call for Agricultural Nonpoint Source Special Area Land Treatment projects. Initially 28 preliminary applications were received. Buchanan and Clinton withdrew, wanting to make a final application. The remaining counties received a \$5,000 planning grant to develop final proposals. Five counties reapplied from the 5<sup>th</sup> call. The commission had about \$9,000,000 budgeted for approval of projects in the 6<sup>th</sup> call.

For fiscal year 2003 there was 1,530 Special Area Land Treatment cost-share claims. Some of the practices highlighted were pest management with a total of 272, nutrient management with a total of 279, and waste management systems with a total of 12. Streambank stabilization practices are available in all Special Area Land Treatment projects and staff processed two claims.

Special Area Land Treatment cost-share spent for fiscal year 2003 was \$3,602,030. Of that, 46 percent was utilized for erosion control. This amount was not a surprise, because

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sediment continues to be the leading cause of water quality impairment in Missouri. In other practices the program spent 9 percent for nutrient management, 12 percent for pest management, 3 percent for buffers, 8 percent for animal waste systems, 5 percent for pasture management, 2 percent for No-till, and 14 percent for irrigation.

Of the \$3,602,030 utilized for cost-share, Ken highlighted the following costs for the Special Area Land Treatment program: terrace systems with tiles at approximately \$900,000, pest management at approximately \$430,000, nutrient management at approximately \$280,000, irrigation systems at approximately \$460,000, water impoundment structures at approximately \$460,000, and waste management systems at approximately \$270,000. The two-streambank stabilization practices came in at \$5,770, which is approximately \$2,800 each.

Animal waste had the highest average cost per claim at \$22,432 per practice. Compost facilities followed averaging roughly \$9,500 per claim and riparian forest buffers had an average cost of \$8,736.

In response to a question, Mr. Struempf reported that there were 48 active Special Area Land Treatment projects and three were completed. When asked about the cut-off for new Special Area Land Treatment projects, Mr. Struempf stated that the commission was in the 6<sup>th</sup> call with a budget of approximately \$9,000,000, and there would be a 7<sup>th</sup> call for proposals. Any future calls beyond the 7<sup>th</sup> call would depend on the tax renewal. When asked about cost-share to management ratio, Mr. Struempf indicated that the commission had put some policies in place to hold the personnel costs to approximately 30 percent of the grant.

### **F. OVERVIEW OF TRAINING CONFERENCE**

Bill Wilson presented an overview of the training conference. The theme “Tools for Today and Tomorrow” was developed in an effort to assist the commission and districts in preparing to update their plans. It was based on advice and input from the planning advisory committee on the planning process. Upon input from the committee, changes to the workshops and the organization of the training conference were implemented. There were fewer workshops, but they lasted longer and were more frequent. There were four main workshops that focused on the ongoing planning efforts that were going on. They were “Planning for the Future”, “Communication Successfully with Everyone”, “Planning from the Ground Up”, and “An Action –Oriented Soil and Water Conservation District”. These four workshops were felt to be key to the planning process. Mr. Wilson went over the agenda for each day of the conference.

**MISSOURI SOIL AND WATER DISTRICTS COMMISSION  
MEETING**

**A. CALL TO ORDER**

Chairman Elizabeth Brown called the meeting to order at Tan-Tar-A Resort in Osage Beach, Missouri, in the Parasol I/II Meeting Room at 9:34 AM.

**B. PLANNING**

**a. Update on Strategic Planning Research/Strategic Planning Workshop – Steve Jeanetta**

Steve Jeanetta presented an update on where the strategic planning project was. He stated that the committee had focused on the kinds of questions that the committee wanted to come out of the local planning project. The last time that he talked to the commission they were going to do building on the statewide plan around the local plan. A question was what could be pulled from the local plan that would work in the attempt to build a statewide plan. The committee did not want to make the local planning more difficult than it already was. They identified three questions that would be good to inform them of the kinds of things that needed to be done and regional conversations that are needed that would lead into building a statewide plan.

The first question identified was; what changes do you see happening in the districts that might be effecting the work of the district? This question helps get the districts to look towards the future and what they see happening that might effect their work in the future.

The second question identified was; what do they see as the priorities for their districts in the next few years?

The third question was; of the local priorities, which ones would be important regionally or statewide?

The information from these questions will be used for regional dialogue to see what issues are being identified that need to be paid attention to either in a regional context or statewide.



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The workshops that Mr. Jeanetta hosted were divided into three parts. They were why do planning; the discussion making process; and exercises that asked them what they saw as priorities statewide or regional.

In response to a question, Mr. Jeanetta indicated that the workshops would help the districts understand what is going on and to help them start their conversations about what they see is important. Sarah Fast stated that the goal for next year would be to have the regional meetings done and the information coming to the statewide meeting, which would be held in conjunction with the training conference.

### **b. Sales Tax Revenue and Fiscal Year 2004/2005 Budget Update**

Milt Barr presented a review of the first quarter fiscal year 2004 revenue and expense summaries and an update on the estimated budget planning changes for fiscal year 2005.

Mr. Barr then provided a quick review of the Sales Tax Revenue Cycle, stating that 1/10 of 1 percent of the General Sales and Use Tax is split evenly between State Parks and the Soil and Water Conservation Program. The monthly deposits usually reflect the previous 30 or more day's activities. In the first quarter, there was a 2 percent increase over the same time last year. This was an increase of \$188,459. In comparing fiscal year 2003 and fiscal year 2004, the consumer spending cycles was the same for both years.

For fiscal year 2004, the revenue projection was \$36,666,488. This was a 2 percent increase over fiscal year 2003. There was a decrease in expenditures of 5.7 percent in the first quarter of fiscal year 2004 compared to fiscal year 2003. The first quarter of fiscal year 2004 the expenditures were \$5,347,709; in fiscal year 2003 the first quarter expenditures were \$5,673,938.

Mr. Barr stated that the fiscal year 2004 budget plan was on track with conservative increased revenue estimates.

It was reported that the budget request for fiscal year 2005 was the same as fiscal year 2004. However, there is a change to the budget process starting in fiscal year 2005. It involves the discontinuance of using the re-appropriation authority for operational programs. The department prepared and submitted the program budgets with "E's" or estimates for their annual authority instead of using multiple year authority and current year authority.

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With re-appropriation authority discontinued in fiscal year 2005, fund reserves will remain basically the same and be obligated to future projects, operational needs, and expansion considerations. The cash flow projections will continue to show commitment to the fund balance in the medium range planning towards tax renewal and/or project/operational requirements through 2013. The district assistance programs and other budgeted items will continue to use a fixed budget projection and approval.

In response to a question about total dollar reserves, Mr. Barr stated there was an approximate \$20,000,000 current balance, and at the end of the year, generally there is a balance that previously included re-apportion authority of approximately \$15,000,000. When asked if the fund balance had been going up or down, Mr. Barr stated that the fund had been going up with higher revenue and interest revenues until fiscal year 2002. Up until that fiscal year the annual revenues and income usually covered all expenditures including the costs for re-appropriated projects and left the fund with some increasing unobligated funds for use in future needs or expansions. Since then the revenues and income have not covered all expenditures; and in fact, the revenues were actually less than the previous years for fiscal year 2003 and the fund reserve actually showed a reasonable decrease. The decreasing trends of the overall revenue and income have been addressed in the medium range plan as briefed to the commission in July of this year. The planning shows revenues, cash flows and fund balance projections from the current tax authorization period ending in November 2008 and obligations for program needs and multi year projects through 2013. Fund reserve planning will continue to target most of the fund balance with obligations for multi-year Special Area Land Treatment Projects and Loan Interest Share commitment projections.

### **C. APPEALS**

#### **1. Special Area Land Treatment**

##### **a. Landowner Appeal on Nutrient Management from Dallas County Soil and Water Conservation District**

Gina Luebbering presented a request from Dallas Soil and Water Conservation District asking the commission to pay on waste utilization on 86 acres under Nutrient Management N590. The landowner had already participated in the \$3,750 allowed for the Waste Utilization practice on 150 acres.

The landowner had exceeded the maximum cost-share allowed on a Waste Utilization practice and the district made an application for an additional 86 acres using Nutrient Management Practice for a total cost of \$1,720.

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The total that the landowner would receive would be \$5,470 for Waste Utilization Practice.

In a letter from the Dallas Soil and Water Conservation District, dated November 10, 2003, the district indicated that their decision to place the 86 acres under Nutrient Management was based on the Agricultural Nonpoint Source Handbook. It stated that the plan should account for nutrients provided by all sources including legume crops and animal waste. The district interpreted this to mean animal waste could be used as long as phosphorus levels were not exceeded. The letter also stated that the landowner acted in good faith and applied the recommended effective neutralizing material according to the soil test. It was noted that the practice was completed according to Natural Resources Conservation Service specifications and they believed the integrity of the practice was upheld.

The program staff clarified the Agricultural Nonpoint Source Handbook in September by stating that if cost-share is utilized through Nutrient Management, funding is not available through Waste Utilization on the same fields. Operators are limited to three years participation for both practices and the operator is bound to the incentive rate limits for each practice not to exceed \$3,750 per year using a combination of the practices.

In addition, Ms. Luebbering reported that program staff was aware of another landowner that had an active Nutrient Management application where waste had been applied. This landowner had also participated in the \$3,750 dollars allowed for waste utilization.

Tony Rosen stated that the landowner met the criteria of a nutrient management plan by applying the proper amount of manure. Sarah Fast stated that there was some room for misunderstanding when reading the handbook. Ms. Fast also indicated that there was no technical fault.

Philip Luebbering made a motion to approve the request to pay the \$1,720 for the 86 acres and approve the other pending application for \$1,060 for the 53 acres, which was handled similarly. Larry Furbeck seconded the motion. A poll vote was taken. Larry Furbeck, Philip Luebbering, Elizabeth Brown voted in favor of the motion and John Aylward voted against the motion. The motion passed.

## **D. REQUESTS**

### **1. Land Assistance**

#### **a. Cost-share**

##### **1. Clay Soil and Water Conservation District - Follow-up on District Request for Assistance from the Commission on Preventing Fraud Problems**

Gary Baclesse presented a follow-up from Clay Soil and Water Conservation District requesting assistance from the commission in addressing problems with contractors doing practices for the 75 percent cost-share.

This problem was a concern of several districts, and it was not known if it was becoming more frequent. This problem is difficult to document and prove the intent because the guilty party must usually incriminate themselves for the issue to become known.

There were two possible methods to reduce the occurrence. One method was to reduce the county average or cost-share rates to the point that it was not economically feasible to do the work for the cost-share. Another method was to require cancelled checks as recommended in the state audit.

It was recommended that staff include additional language to the cost-share documents in an attempt to deter cost-share fraud. Program staff worked with the Attorney General's office, and the division attorney on the language to be used. It was also noted that the landowner needed to sign the language. By putting the language on the application, the landowner is saying that it is understood and agreed that certain things must happen in order to receive cost-share assistance. Also, by adding it to the application, the landowner agrees to the condition for cost-share and is informed prior to starting the practice that submitting fraudulent bills is a criminal offence. After the landowner does the practice and submits the bills, the landowner will have to sign a statement that will help the landowner to understand the seriousness of submitting fraudulent bills. There were no questions or additional direction from the commission so staff will proceed with the new wording on the application and claim with the next DCS update sent to the districts.

**b. Special Area Land Treatment**

**1. Bates Soil and Water Conservation District - Watershed Boundary Change**

Davin Althoff presented a request from Bates Soil and Water Conservation District for an exception to commission policy for an Agricultural Nonpoint Source Special Area Land Treatment watershed boundary eligibility for their proposed Lower Marais des Cygnes River project.

The preliminary application that the district sent was for an Agricultural Nonpoint Source Special Area Land Treatment project on one hydrological unit and a portion of another hydrological unit code. After it was reviewed, program staff determined that the proposed watershed did not meet commission criteria. Commission policy states "The proposed Agricultural Nonpoint Source Special Area Land Treatment area must be a complete watershed, sub-watershed, or 14 digit hydrologic unit of manageable size to be considered for an Agricultural Nonpoint Source Special Area Land Treatment project." If an exception were made, then a precedent would be set. The definition of a watershed is an area of land that drains to a single exit point. The area drained is bound by a ridge system and includes all land from the tops of the ridges down to the single point of exit, known as an outlet. A complete topographic watershed is an area that has a single exit point and includes all of the headwaters draining to a single exit point. A hydrological unit is a hydrologic system that is subdivided into successively smaller river basin units.

The proposed watershed was comprised of one complete hydrologic unit and a portion of a second hydrologic unit. The second complete hydrologic unit included land in both Bates and Vernon. The proposed project includes only the portion in the Bates Soil and Water Conservation District.

On November 18, 2003, program staff met with the district to discuss the various comments and concerns regarding the preliminary application. During the meeting, two of the concerns presented were the watershed boundary, and concerns with the project area crossing into another district.

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In a letter from Bates, they requested an exception to commission policy to allow the district to apply for an Agricultural Nonpoint Source Special Area Land Treatment project on an area which is neither a complete watershed, sub-watershed, or complete 14 digit hydrological unit. If the district was required to include the complete hydrological unit, it would be 63,350 acres, which is still within commission guidelines. Bates desires to submit the final application for the project containing only Bates portion of the 14 digit hydrological unit.

It was noted that about half of all Special Area Land Treatment projects cross soil and water conservation district lines.

One reason the commission approved hydrological unit boundaries was so those smaller sub-watersheds were given the opportunity to participate in Special Area Land Treatment projects. If approved by the commission, landowners residing in the portion of a hydrological unit in Vernon County would never be eligible for a Special Area Land Treatment project without requesting an exception to commission policy.

Brad Powell from the county indicated that the district thought they were working within the commission policy. Mr. Powell stated the reason they did not want to include the portion in Vernon County was because Vernon County had recently received funding for a Special Area Land Treatment project, and Bates thought Vernon would want to pursue a second Special Area Land Treatment. Mr. Powell also stated that they were not familiar with that area in the Vernon County portion. In July 2003, when program staff was at Bates conducting a review, staff was asked if it would be possible to go with the area that they requested. Mr. Powell indicated there may have been some miscommunication or misunderstanding about topographic and hydrological units. Bates was under the assumption they could do the project. They believed it was practical because the Osage River splits the 14 digit hydrological unit that was in question. They also believed they could fall back to the sub-watershed terminology in the policy and be in compliance with the policy. Due to this understanding, they proceeded with town hall meetings. Mr. Powell talked with Natural Resources Conservation Services staff about altering the outlet point, which is just a matter of a couple of miles. Mr.

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Powell presented topographic maps to the commission table members.

When asked about not including all of Vernon County, Mr. Powell stated part of the reason was the limit on acreage. When asked what an exception to the acres would do to Bates plan, Mr. Powell stated it would throw it off, plus with the goals they already have, and with the funding level that they have he did not think much could be accomplished. In response to a question, Mr. Powell stated they would be applying for the full amount. Elizabeth Brown indicated she would be more comfortable if there was a more unified approach from the Special Area Land Treatment program and Bates County.

After discussion and concurrence with the other commissioners, Elizabeth Brown directed staff to work with the Bates Soil and Water Conservation District and maintain commission policy on the watershed boundaries eligible for Special Area Land Treatment projects. Sarah Fast reiterated if there was a complete topographic watershed or a 14 digit hydrological unit that would fit in the current policy, it would be acceptable.

### **2. Osage Soil and Water Conservation District: Requesting to Move Cost-share Dollars Budgeted for Fiscal Year 2005 to Fiscal Year 2004**

Davin Althoff presented a request from the Osage Soil and Water Conservation District to revise the long-term budget for the Loose Creek Agricultural Nonpoint Source Special Area Land Treatment Project. They requested to pull Special Area Land Treatment cost-share funds from fiscal year 2005 to fiscal year 2004 for funding stackhouses/composter and nutrient management practices.

In a letter dated November 13, 2003, the district asked that the funds be moved. In the letter, the amount request to be moved was \$63,889.39 for a total of \$133,778.79 for fiscal year 2004. The reason for this was that the revised budget would increase available funds for overwhelming interest for stackhouses/composters and for N590 Nutrient Management practices. The district stated that the majority of the funding would be used for stackhouses, but some would be used for other practices.

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Program staff informed the district that if they moved all their Special Area Land Treatment cost-share dollars from fiscal year 2005 to fiscal year 2004, it might justify ending the project at the end of the current fiscal year.

At the time of the meeting, the district had \$29,222 left to obligate. This would make the total \$93,112 left to obligate if approved. In addition, if approved, the district would only have \$6,000 of Special Area Land Treatment cost-share for fiscal year 2005, which is the last year of the project. If approved, the district would have \$68,216 budgeted in management to administer the final year of the project to complete only \$6,000 in Special Area Land Treatment cost-share. The commission was made aware that an audit finding might result if approved. One option for the commission to consider was to move all of fiscal year 2005 Special Area Land Treatment cost-share to the present fiscal year and end the project at the end of the current fiscal year.

In the letter dated November 13, 2003, the Osage Board of Supervisors indicated that the N590 Nutrient Management practice was part of the reason for the funding request. Due to prior issues on this type of practice, the program staff was apprehensive about more funding for Nutrient Management practices.

Program staff proposed to meet with the board to discuss the importance of correcting any current problems regarding nutrient management plans. Program staff indicated that when proper procedures are in place, the district could continue with the incentive payments.

In response to a question about the minimum ratio between cost-share and management, Sarah Fast stated that there was none, but Ken Struempf was working to get it at 30 percent or less for administrative cost.

Jessica Hackman stated that it had been discussed to try to get the Loose Creek Agricultural Nonpoint Source Special Area Land Treatment ended early.

John Aylward made a motion to approve the long-term budget revision to move all Special Area Land Treatment cost-share funds



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budgeted in fiscal year 2005 to the present fiscal year and end the project June 30, 2004. In addition, the district cannot make new applications for Nutrient Management or Waste Utilization with any unobligated funds. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **2. District Assistance**

#### **a. Supervisor Appointments**

##### **1. Webster**

Gorman Bennett reported that the Webster County Soil and Water Conservation District Board of supervisors asked for approval of Gary Don Letterman to fill the remainder of the term of Jim Summers.

Philip Luebbering made a motion to approve the request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

#### **b. Employee Benefit Committee Request Regarding Fiscal Year 2006 Budget**

Jim Boschert presented a request from the benefit committee to address the commission.

Ben Reed reported that the decrease in district employee turnover from 16.6 percent to 11.2 percent was primarily due to the implementation of the commission's benefit fund.

Mr. Reed presented reasons for bringing this issue to the training conference: the training conference offered an opportunity for many supervisors and employees to attend and observe the discussion; it was important for the commission to have budget numbers in place by May, and this would be one less item for the January meeting; and if a decision was reached, it would assist the department in planning for the fiscal year 2006 budget.

The benefit committee met three times to discuss the future estimated costs of the commission's current benefit policy for the fiscal year 2006

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budget. The current policy is 5 percent of current salary for retirement and \$10.00 co-pay of the lowest Missouri Consolidated Health Care premium offered for each district.

The committee estimated that for the fiscal year 2006 budget the amount needed for retirement was a 10 percent increase and a 20 percent increase in health insurance. This would result in an increase for fiscal year 2006 of \$231,043, fiscal year 2007 of \$489,284, and for fiscal year 2008 of \$795,138.

The committee looked at three options in maintaining the commission's current policy through the remainder of the tax. Option one was to request \$500,000 expansion in fiscal year 2006 and allow the unused funds to remain in the benefit fund. Option two was to request a one time \$795,138 expansion in fiscal year 2006, which would cover the estimated increases through fiscal year 2008. Option three was to increase the benefit fund annually. Ben Reed stated that the benefit committee recommended option one.

In response to a question about raising the co-pay to \$17.00, Mr. Reed stated that financially it would be a very insignificant amount. When asked about counties not using Missouri Consolidated Health Care, Mr. Reed stated that every county is based on Missouri Consolidated Health Care rates. The amount of funds that a district receives is based on those rates and then it is up to the district to choose where they would like to purchase their insurance. When asked about other providers, Mr. Reed stated that there were many districts that do not use Missouri Consolidated Health Care. Shelly Sumpter from Randolph County stated that it was commission policy that the rates are based on Missouri Consolidated Health Care rates because that is who the state employees use. The districts can choose any company they want, but the rates are based on Missouri Consolidated Health Care. Sarah Fast informed the commission that more research could be done on the issue of availability.

Mr. Boschert informed the commission that program staff had planned to bring the fiscal year 2006 budget discussion to the January meeting. The reason was that they would have half of the current year's income and expenses for the commission.

Larry Furbeck made a motion to table the request until January and allow staff to present a report on budget options for fiscal year 2006. Philip Luebbering seconded the motion. When asked by the chair, John

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Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **E. NEW BUSINESS**

Elizabeth Brown stated that she had talked to Dean Payne about the commission going to visit the new Life Science building when it is completed. It was suggested that summer would be a better time to visit. Sarah Fast stated that they could try for the summer.

### **F. NRCS REPORT**

Roger Hansen updated the commission on the national budget. Natural Resources Conservation Service was one of the agencies that does not have their budget passed nationally by Congress, so they were operating on a continuing resolution up to January 31, 2004.

On office consolidation, a report was filed with the Secretary of Agriculture and she had not made any announcements as of the date of the commission meeting.

### **G. STAFF REPORT**

Sarah Fast reminded the commissioners if they wished to have their address and telephone number posted publicly, they needed to fill out the form and return it.

Sarah Fast also informed the commission of the possibility of a telephone conference call to approve the order of rulemaking that had to do with the 75 percent cost-share. The comment period was scheduled to end December 3, 2003. It was decided that a conference call would take place on December 11, 2003, at 9:30 a.m.

### **H. DATE OF NEXT MEETINGS**

The date of the next commission meeting was set for Monday, January 26, 2004, beginning at 10:00 AM at the Department of Natural Resources Conference Center in the Bennett Springs/Roaring River meeting room in Jefferson City, Missouri.

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**I. ADJOURNMENT**

Larry Furbeck moved the meeting be adjourned. Philip Luebbering seconded the motion. Motion approved by consensus at 11:05 AM.

Respectfully submitted,

Sarah E. Fast, Director  
Soil and Water Conservation Program

Approved by:

Elizabeth Brown, Chairman  
Missouri Soil & Water Districts Commission

/tm